

Message Text

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TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
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ATTN PARIS FOR MARK PRATT

E.O. 11652: N/A

TAGS: SOPN, XC, US

SUBJECT: JULY 1 EA PRESS SUMMARY

1. KOREA

REUTER (PANMUNJOM) REPORTS NK CHARGED FRI THAT SK TROOPS
COMMITTED "GRAVE PROVOCATION" 6/25 BY FIRING MORTARS/MACHINE
GUNS/RAPID-FIRE RIFLES ACROSS DMZ. NK ARMISTICE DEL,
GEN HAN, SAID NK TROOPS DID NOT RETURN FIRE; HAN IGNORED
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PROPOSAL BY CHIEF UN COMMAND DEL THAT BOTH SIDES CONDUCT
JOINT PROBE OF INCIDENT.

NYT (SEOUL) SPEC REPORTS FM PARK TONG JIN, SPEAKING IN
NATIONAL ASSEMBLY 6/29, SAID WHILE SK PARTY TO NPT, IT WOULD
MAKE "INDEPENDENT" JUDGMENT ABOUT DEVELOPING NUKE WEAPONS
IF COUNTRY'S SURVIVAL WERE AT STAKE.

UPI (SEOUL) REPORTS SK'S VALUE-ADDED TAX (VAT) SYSTEM GOES
INTO EFFECT FRI, AND AMID MIXED REACTIONS IN ECON/POL

CIRCLES. WHILE ROKG OFFICIALS CONFIDENT NEW SYSTEM WILL STREAMLINE NATION'S TAX SYSTEM WITHOUT ANY SERIOUS SIDE EFFECTS, OTHER FEARS PERSIST THAT VAT WILL CAUSE PRICE SPIRAL (JOC).

2. INDONESIA

FM MALIK FRI HAILED SEC VANCE'S 6/29 ASIA SOCIETY SPEECH ASSURANCE THAT US WILL MAINTAIN POWERFUL MIL PRESENCE IN ASIA. MALIK TOLD REPORTERS ASIA IMPORTANT FOR US, HE IS GLAD VANCE MADE PLEDGE, AND HE BELIEVES US WILL NOT ABANDON ITS INTERESTS IN REGION (REUTER JAKARTA).

3. AUSTRALIA/JAPAN

FIRST ROUND TOKYO NEGOTIATIONS FOR PRICE REDUCTION OF AUSSIE SUGAR DEADLOCKED 6/29, INFORMED SOURCES SAID THURS, WHEN JAPANESE REPS REJECTED AUSSIE DEMAND THAT PRESENT 5-YR CONTRACT BE EXTENDED ANOTHER 3 YRS-4 MOS (UNICOM NEWS, JOC).

4. JAPAN

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JAPANESE/US SCIENTISTS EVALUATING CONTROVERSIAL NUKE FUEL REPROCESSING PLANT CHOOSE 2 EXPERTS FROM EACH SIDE TO STUDY NEW PROCEDURES THAT WOULD NOT PRODUCE ELEMENTS USED IN NUKE WEAPONS (REUTER TOKYO).

JAPAN/USSR BEGIN TOKYO TALKS ON INTERIM AGREEMENT FOR SOVIET FISHING QUOTAS INSIDE JAPAN'S 200-MI ZONE (WP). JAPANESE FIRM AGREES BUY 3500 METRIC TONS SOYBEANS FROM PRC (UNICOM, JOC). MATSUSHITA ELECTRIC POSTS RECORD SALES FOR 1ST HALF FY, UP 13.5 PCT FROM SAME PERIOD LAST YR (UPI, JOC).

YEN CONTINUES GAIN AS US DOL STEADIES. PM FUKUDA COMMENTS ON TRADE SURPLUS W/US, SUGGESTS METHODS DEALING W/ISSUE (JOC). FLOATING YEN RESULTS IN ONGOING RISE TO 267.30 TO DOL. CLIMB EXPECTED CONTINUE, MIGHT RIDE TO 265 IN NEXT FEW DAYS, DUE GLUT US DOLS/MASSIVE US TRADE DEFICIT. FUKUDA SAYS YEN APPRECIATION IS REFLECTION CURRENT FAVORABLE STATE JAPANESE ECONOMY; SUGGESTS US/GOJ OFFICIALS MEET THIS FALL TO DISCUSS BILATERAL TRADE IMBALANCE. PM INVOLVED IN STUMPING TOUR PRIOR 7/10 UPPER HOUSE ELECTION, PROMISES TRY REDUCE TRADE SURPLUS (CULLISON, TOKYO, JOC).

FISH (JOC) REPORTS JAPANESE CAR MAKERS CONCERNED OVER POSSIBLE REACTION TO SALES GAINS IN US. WORRIED THAT PROTECTIONIST SENTIMENT WILL DEVELOP AIMED AT RESTRICTING

THEIR SHARE US MARKET; BEGINNING TAKE STEPS SPELL OUT
THEIR IMPORTANCE TO US ECONOMY IN FORM INVESTMENTS/JOBS/
TECHNOLOGICAL ADVANCES.

FEMALE MILITANTS, INCL SEVERAL WOMEN RUNNING FOR DIET
ON TICKET NEWLY-FORMED JAPAN WOMEN'S PARTY, STORMED JAL
STOCKHOLDERS' MTG THURS DEMANDING ALIMONY/CHILD SUPPORT
FROM JAL EMPLOYEE WHO ALLEGEDLY ABANDONED WIFE WHEN GAVE
BIRTH TO DISEASED CHILD (SEIDEN, TOKYO, SUN).
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5. INDOCHINA/THAILAND/SEATO

IGNORING PRES' OBJECTIONS, HOUSE-SENATE CONF THURS
ANNOUNCED AGREEMENT ON 1.6-BILLION-DOL FOREIGN AID
AUTHORIZATION BILL THAT RETAINS PROHIBITION AID/REPARATIONS
TO VN/LAOS. COMPROMISE GOES BACK TO HOUSE/SENATE FOR
FINAL APPROVAL; RESTRICTIONS WOULD BE DIFFICULT TO
REMOVE (AP, SUN 6/30).

FORMER PRES LAOTIAN NATL ASSY/MEMBER ORIGINAL ANTI-FRENCH
MOVEMENT OUN SANANIKONE DIES IN FRANCE AT AGE 70. SPLIT
W/SOUPHANOUVONG IN 1946 OVER BRINGING NVA INTO LAOS;
REMAINED IN LAOS AFTER END VN WAR, BUT SLIPPED ACROSS
MEKONG INTO THAILAND SEVERAL MOS AGO, THEN TO FRANCE
(AP, NYT).

SEATO CLOSES BANGKOK HQ, ENDING 23-YR LIFE. MEMBERS AGREED
2 YRS AGO AFTER COMMUNIST VICTORIES INDOCHINA THAT SHOULD
BE SCRAPPED (WP).

IN HK, ISAACS (SUN) REPORTS SRV LASHED OUT AT US AS SEATO
FOLDED THURS; HANOI SAID DEMISE REFLECTS BANKRUPTCY US
STRATEGY IN ASIA. CLAIMED COMMUNIST TRIUMPH INDOCHINA
RESPONSIBLE SEATO'S DISSOLUTION. "NHAN DAN" ARTICLE MAKES
POINTED REFERENCE TO RTG AS "U.S.-PAID REACTIONARIES" THAT
CONTINUE GET US MIL AID/PROTECTION FOR "SUPPRESSION OF
PEOPLE AND FOR HOSTILE ACTIVITIES" VS INDOCHINA. ISAACS
NOTES SEATO END DUE REQUEST ONLY 2 REMAINING ASIAN
MEMBERS, THAILAND/PHILS.

WB AFFILIATE IFC INVESTS 2.7 MILLION DOLS IN 7.9-MILLION-
DOL PROJECT TO PROVIDE BULK SUGAR TRANSPORTATION/STORAGE/
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SHIPLOADING FACILITIES IN THAILAND (JOC).

6. CHINA

PRC ONLY EA ISSUE COVERED DURING PRES' 6/30 NEWS CONF.

NYT/SUN CARRY TEXT; WP CARRIES EXCERPTED REPORT.

PHINQ (AP) REPORT ON NEWS CONFERENCE HEADED: "CARTER HINTS HE'D DROP TAIWAN FOR FULL TIES WITH CHINA." REPORT NOTES PRES INDICATED US HOPES START WORK SOON ON AGREEMENT FOR FULL DIP RELS WITH PRC/INDICATED THIS COULD MEAN BREAKING FORMAL/MIL TIES WITH ROC AND POINTED OUT OTHER NATIONS WITH FULL TIES PRC HAVE MAINTAINED BUSINESS/CULTURAL DEALINGS WITH TAIPEI. AP OPINES CARTER ADMIN MIGHT TRY DO SAME. NOTES PRES RESPONDED, "THIS IS A DIFFICULT QUESTION TO ANSWER NOW," WHEN ASKED WHETHER NORMAL RELS W/PRC POSSIBLE WHILE US HAS DEFENSE COMMITMENT TO TAIWAN.

AP REPORTS PRES ADDED HE EXPECTS GIVE "BETTER ANSWER" TO QUESTION AFTER SECSTATE'S AUG VISIT PRC. MENTIONS PRES' EXPRESSED COMMITMENT SEE STRONGER TIES WITH PRC FOLLOWS SIMILAR VANCE DECLARATION IN ASIA SOCIETY SPEECH. ARTICLE NOTES ONLY ABOUT 1400 US TROOPS REMAIN ON TAIWAN, WITH SHARP DECLINE SINCE SHANGHAI COMMUNIQUE SIGNED.

TAIWAN OFFICIALS REACTED ANGRILY TO VANCE'S SAYING NORMALIZATION RELS WITH PRC "ESSENTIAL PART" OF US FOREIGN POLICY (WP NEWS DISPATCH).

PRC AGAIN ATTACKED US/SOVS AT UN WEDS, ACCUSING THEM COMPETING DOMINATE SOUTHERN AFRICA. CHIEF PRC DEL, CHEN CHU, ALSO CHARGED IN SECURITY COUNCIL THAT US CONNIVED W/RHODESIAN ATTACKS ON MOZAMBIQUE. PRC DEL SAID WOULD VOTE FOR 15-NATION RESOLUTION SPONSORED BY 3RD WORLD MEMBERS REQUESTING ALL STATES GIVE IMMEDIATE, SUBSTANTIAL MATERIAL AID TO MOZAMBIQUE (LITTLEJOHNS, REUTER UN).
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TAIWAN'S ONE ONLY SHIPBUILDER, CHINA SHIPBUILDING CORP, (CSBC) NATIONALIZED EFFECTIVE 7/1 FOLLOWING PARLIAMENTARY APPROVAL. MOVE SAID STEM FROM SLOW CAPITAL FLOW FROM PRIVATE SHAREHOLDERS THAT FORCED FIRM RELY ON BANK LOANS (UPI TAIPEI, JOC).

COMMENT AND ANALYSIS

7. VANCE ASIA SOCIETY ADDRESS

SOUTHERLAND (CSM) SAYS SECSTATE'S STRESS ON CHINA IN SPEECH SEEMED PREPARING WAY TOWARD FRUITFUL AUG VISIT PRC. NOTES SOME OBSERVERS FOUND SIGNIFICANT THAT SPEECH OMITTED MENTION US GUARANTEES TO TAIWAN, BUT DOS OFFICIALS STRESS NO CHANGE IN STATUS US SECURITY TREATY W/TAIWAN. SOUTHERLAND ADDS CARTER ADMIN MAINTAINING CONSIDERABLE CAUTION IN APPROACH TO PRC/TRYING AVOID GIVING IMPRESSION VANCE TRIP WILL RESULT SPECIFIC ACHIEVEMENTS. NOTES VANCE IN NY SPEECH ASSERTED PROGRESS TOWARD NORMALIZATIONS RELS "MAY NOT BE EASY OR IMMEDIATELY EVIDENT"; ALSO INDICATED US WILL BE CAUTIOUS IN APPROACH TO HUMAN RTS IN RELS WITH

ASIAN COUNTRIES/STRESSED AMERICAN UNDERSTANDING CULTURAL DIFFERENCES.

SOUTHERLAND SAYS SPEECH PUT GREATER STRESS ON ASEAN THAN PREVIOUS ADMINS, W/SECSTATE DISCLOSING FOR 1ST TIME US TO HAVE FORMAL CONSULTATIONS WITH ASEAN. SAYS DOS RECEIVING CABLES FROM ASIAN EMBASSIES REFLECTING CONCERN US MAY BE W/DRAWING FROM NUMBER OF REGIONAL COMMITMENTS, SO VANCE STRESSED US NOT ABANDONING ASIAN INTERESTS. NOTES HE ALSO STRESSED US CONSIDERS JAPAN KEY COUNTRY/CHIDED JAPAN FOR NOT STIMULATING ECON GROWTH. ADDS ADMIN SOURCES SAY VANCE 1ST HIGH US OFFICIAL EXPLICITLY TO REPEAT PHRASES SHANGHAI COMMUNIQUE WHICH ACKNOWLEDGE PEKING VIEW THERE IS ONLY UNCLASSIFIED

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ONE CHINA.

8. CHINA

FROM HK, BUTTERFIELD (NYT SPEC) WRITES THAT PRC DRIVE PURGE "RADICALS" SEEN BUILDING TO CONCLUSION/MAY SIGNAL EFFORT CONCLUDE IT BEFORE CCP PARTY CONGRESS LATER THIS YR. CITES SUDDEN INCREASE RALLIES DENOUNCING LOCAL SUPPORTERS OF DISGRACED OFFICIALS AND PURGE OF TWO MORE PROVINCIAL OFFICERS WHICH BRINGS TOTAL NUMBER PARTY CHIEFS REPLACED TO 14 (OUT OF 29) SINCE LAST FALL.

HIGHLIGHTING ANHWEI SITUATION, BUTTERFIELD MENTIONS PURGE OF SUNG PEI-CHANG AND COMMENTS HIS SUDDEN SHIFT GOOD FORTUNE APPEARS GOOD INDICATION UNCERTAINTY POL LIFE; BUT ADDS ANALYSTS RECLUTANT DRAW FIRM CONCLUSIONS RE COURSE PRC EVENTS. SEES WAN LI'S HEADING ANHWEI SUGGESTING PEKING LEADERS BELIEVE STILL FACED W/SERIOUS PROBLEMS IN PROVINCES AND THESE PERHAPS MORE DIFFICULT RESOLVE THAN THOSE IN CENTRAL GOVT IN CAPITAL. SEES ANALYSTS ALSO INTRIGUED BY POSSIBILITY CONNECTION BETW ANHWEI PURGE AND LI TEH-SHENG.

9. JAPAN

WP'S SAAR (TOKYO) CITES EFFORTS OF US/JAPAN NEGOTIATIONS SEEKING COMPROMISE THAT WILL SALVAGE JAPAN'S PLUTONIUM REPROCESSING PLANT WITHOUT UNDERMINING PRES CARTER'S STAND AGAINST NUKE GLOBAL PROLIFERATION. STRESSES STAKES HIGH FOR BOTH NATIONS; US APPROVAL OF TOKAIMURA PLANT WOULD SET PRECEDENT FOR OTHER NATIONS, WHEREAS FLAT US REJECTION OF JAPANESE PLANS WOULD PROVOKE GRAVE CONFRONTATION WITH CLOSEST US ALLY IN PACIFIC.

IN TOKYO, CSM'S MORITZ FINDS BOTH JAPANESE/WESTERN OBSERVERS PONDERING QUESTION WHETHER JAPAN WILL REARM WHEN US TROOPS LEAVE SK. SAYS EXPECTATION IS THERE WILL BE UNCLASSIFIED

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GRADUAL INCREASE IN SDF, BUT LIMITED BY LONGSTANDING/STILL
WIDESPREAD ANTI-MILITARISM IN COUNTRY.

10. INDOCHINA

STEVENS (CSM) REVIEWS 2 BOOKS ON VN WAR: "RUMOR OF WAR"
BY CAPUTO/"GRUNTS" BY ANDERSON. SAYS BOTH DOCUMENT
FRUSTRATION OF THIS TYPE WAR/GIVE LESSON THAT ATMOSPHERE
OF WAR PRODUCES HATE TO POINT WHERE DIFFICULT TO CONTROL.

11. INDOCHINESE REFUGEES

IN BANGKOK, KAMM (NYT) NOTES THAILAND MOST HOSPITABLE
COUNTRY IN ASIA FOR REFUGEES, SO NUMBER GROWS LARGE
ENOUGH CONSTITUTE REAL PROBLEM FOR GOVT. MENTIONS LOCAL
SUSPICION VIET REFUGEES; MOST FAVORED ARE ETHNIC LAO.
QUOTES INTERIOR MINISTER THAT RTG WILL HAVE CONSIDER
EVENTUAL RESETTLEMENT IN THAILAND SOME LAOTIAN/CAMBODIAN
REFUGEES; CALLS STATEMENT MAJOR REVERSAL EARLIER THAI
ATTITUDE.

NYT SPEC DESCRIBES PLIGHT CAMBODIAN REFUGEES IN THAILAND.
NOTES AIR RESIGNATION/LETHARGIC ACCEPTANCE HOPELESSNESS.
FINDS BETTER LIFE AMONG LAOTIAN REFUGEES, THO POLITICAL
BITTERNESS VS US STRONG, PARTICULARLY AMONG MEO WHO FEEL
ABANDONED BY THOSE THEY TRUSTED.

12. SEATO

ANDELMAN (NYT BANGKOK) NOTES DEMISE ORGANIZATION. POINTS
OUT SOME THINK END PREMATURE/SEATO SHOULD HAVE CARRIED
ON ON PARALLEL W/ASEAN FOR WHILE; BUT ADDS NEW GENERATION
DEFENSE/SECURITY OFFICIALS IN SEA BELIEVE ALLIANCE OUT-
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LIVED USEFULNESS. REVIEWS ORIGIN/HISTORY/ACHIEVEMENTS
ORGANIZATION. CHRISTOPHER

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